

MINUTES OF THE  
HIGHER EDUCATION APPROPRIATIONS SUBCOMMITTEE  
FRIDAY, JANUARY 31, 2003, 2:00 P.M.  
Room 223, State Capitol Building

Members Present: Rep. Bradley T. Johnson, Co-Chair  
Rep. Margaret Dayton  
Rep. Brad Dee  
Rep. Kory M. Holdaway  
Rep. Gregory H. Hughes  
Rep. Patricia W. Jones  
Rep. Susan Lawrence  
Rep. LaWanna "Lou" Shurtliff  
Rep. Bradley A. Winn  
Rep. Stephen H. Urquhart

Members Excused: Sen. David Gladwell, Co-Chair  
Sen. Peter Knudson  
Sen. Ron Allen

Members Absent: Sen. Bill Hickman

Staff Present: Boyd A. Garriott, Senior Legislative Fiscal Analyst  
Debra Headden, Legislative Fiscal Analyst  
Rolayne Day, Secretary

Public Speakers Present: Commissioner Cecelia Foxley  
Shawn Wickert, Collaborative Early Childhood Special Education Program  
Marlene Deer, Dir., Collaborative Early Childhood Special Education Program  
Venus Weaver, UU Student  
John Harbert, Dir. Utah Association of Community Services  
John Adams, VP, Coalition for People with Disabilities  
President Bernie Machen, UU  
President Kermit Hall, USU  
John Sutherland, Intel Corp. and Chair, Technology Advisory Initiative Board  
Douglas Warner, VP for Finance and Human Resources, UVSC  
Dorian Page, Associate VP of Finance, SUU  
Norm Tarbox, VP of Administrative Services, WSU

Visitor List on File

Committee Co-Chair Johnson called the meeting to order at 2:12 p.m.

1. Committee Business—Co-Chair Johnson announced that Item 7, Snow College, will be held to the next meeting. He also announced caucus positions in both houses to reduce budgets 2% across the board.
2. ADA—Analyst Debra Headden gave a brief explanation of the ADA law. Over time, enrollments have increased in higher education because students can participate more successfully in college. The analysts recommend that, if additional funding is available, \$400,000 be appropriated for ADA.

Marlene Deer, Director of the Collaborative Early Childhood Special Education Program, USU, said it is increasingly more difficult to get qualified special education teachers. CECSEP helps provide distance education courses for people who are working toward special education certification. Ms. Deer discussed their funding request. Venus Weaver, University of Utah student, said the Disability Resource Center helped her to be a successful student who plans to continue on to graduate school.



John Harbert, Director of the Utah Association of Community Services, said they provide work opportunities, job coaching, and more for people with disabilities. Mr. Harbert recommends an interim study to find out how to make it work better and to make sure the program continues. John Adams, Vice President of the Coalition for People with Disabilities, spoke in support of the issues discussed and supported the request for an interim study.

3. HB 331—Analyst Boyd Garriott discussed recommendations regarding residency and explained how the bill changed Utah law. Previously, residency requirements were not applied uniformly across the system. The fiscal note suggested that an additional \$5 million would be generated by out-of-state students for at least another year. However, there was a decline in non-resident enrollments so the money failed to materialized.

Mr. Garriott noted that, even with new residency requirements, Utah still has a more relaxed policy than a majority of the WICHE states. Colorado, for example, requires a person to be at least 22 years old before they can begin the year to establish residency. Nevada and Wyoming have the same or similar requirements. Forty-six states have a policy for the intent to establish residency; 25 of them require financial independence. Even with the passing of HB 331, Utah's residency is still the most lenient in the nation.

This is important mainly because the state subsidizes higher education. Mr. Garriott distributed a handout to the committee. The graph on page 5 shows the portion of tuition and the cost of direct of instruction. If you consider the full cost of instruction (including overhead), then non-residents pay at or near the full cost of instruction, but residents pay about  $\frac{2}{3}$  of the cost. After 60 credit hours, virtually all upper-division students could achieve resident status. The Fiscal Analyst feels that a decline in non-resident students is temporary, a reaction to the changes. After a short time, he feels higher education will regain the number of nonresidents.

That being said, Mr. Garriott feels that the Legislature has been very generous to non-resident students because the presidents can waive their tuition (nearly \$14 million in 2000-2001 for about 10,000 students). There are also the WICHE waivers and border waivers allowed at both USU and Dixie (245 border waivers at just over \$600,000). A table in the handout shows waiver information by institution for both resident and non resident students.

A number of schools were excessively impacted by HB 331. The Legislature wanted to delay the \$5 million reduction, but economics prevented that. The Fiscal Analysts' Office worked with the Board of Regents to adjust the funded targets down to reflect the reduction in non-resident students. As funds become available, this will help, but that is a long-term solution and there is no money to fund it. It is the analyst's recommendation that the issue continue to be studied, but the institutions will have to live with the shortfall.

Rep. Dayton said the graphs are enlightening and higher education in Utah is an unbelievable bargain. Rep. Dayton said people need to understand what a serious commitment the State has made when it is paying two-thirds of the cost of instruction.

Rep. Jones asked what percent of non-residents who receive waivers stay in Utah. What is the advantage to Utah economically to give a waiver to a meritorious non-resident? Mr. Garriott said hopefully they will stay in the state, be productive, pay taxes, and add diversity. Pres. Machen said it depends on the discipline and whether it is undergraduate or graduate how many stay in the state. Pres. Hall said USU found that 80% of the graduate students are still in Utah ten years later. In some programs at the undergraduate level—agriculture for one—students come here specifically for the program and then leave. Other areas, like engineering, often stay.

Rep. Shurtliff said meritorious students are a plus for the university and they often leave something here when they go. Rep. Lawrence asked why we are subsidizing graduate students so much. Mr. Garriott said there has been a continuing discussion on the graduate tuition structure at both the University of Utah and Utah State. As a result, there are now differential tuitions depending on the program. Graduate students in areas with high earning potential pay higher tuition. Statute says waivers for residents can be no higher than 10% of the tuition collected, but there is no limit for non-residents.

Analyst Debbie Headden said Utah's graduate tuition is one of the lowest nationally for the programs offered. Pres. Machen said the analyst's graphs are extremely misleading. Pres. Hall said there should be a discussion about how tuition compares to competing institutions and why it is set the way it is. Pres. Machen said it enhances Utah



residents' education to be in courses with students from other areas. Rep. Holdaway is concerned about the number of athletic waivers.

Pres. Hall said HB 331 kept a lot of people from coming and has economically damaged the state. Higher education has had to absorb the hit. We relied on out-of-state students to subsidize some of the residents and it cost USU \$3 million. You have to have 3.5 times the number of residents to replace the money lost by HB 331. A handout was distributed showing impacts of HB 331 on USU. Pres. Hall indicated it would be better if the credit hours were 45 rather than 60 for residency.

Because of a time commitment for John Sutherland, Co-Chair Johnson announced a break from the discussion on HB 331 and moved to the next agenda item.

4. Engineering Initiative—John Sutherland, Intel Corporation and Chair of the Technology Advisory Initiative Board, said the board works voluntarily to oversee the industry, recommend how state money should be spent, and then report how it was spent. Board members representing various engineering firms introduced themselves to the committee along with engineering deans from the U, USU, and Weber State.

Two years ago there was more demand to get into programs than there was room. There is still some backlog in electric engineering and bioengineering, but it is better in other areas—the initiative is working. They have seen a 35% enrollment increase. Industry believes in this initiative and has been hiring the graduates. Over 70% of engineering graduates from the U stay in Utah with good wages.

Mr. Sutherland said there is still room to grow. A 1% growth in state funding results in a 2% growth in graduates. This spring will see the first graduates from the engineering initiative. A continued investment will keep us on target to double the number of engineering graduates and allow institutions to attract and keep great professors. The Technology Advisory Board recommends staying the course by increasing ongoing money by \$2 million.

Mr. Garriott said the analyst's feel strongly that if funds become available, \$2 million should be appropriated in on-going resources for the Engineering Initiative. He noted that intent language on the Engineering Initiative bill says the Legislature shall appropriate funding as an on-going line item.

Engineering Loan Forgiveness Program—This program provides an opportunity for students to borrow money for their education, and if they stay in the state four years after graduation, the loan is forgiven. The Legislature only appropriated \$500,000 for this purpose and it should be done annually; currently it is not. Mr. Garriott said the committee should be mindful that statute regards this as a mandate.

Commissioner Foxley expressed appreciation to Mr. Sutherland and the board for their efforts and fine work. The Board of Regents relies on their recommendations a great deal. Commissioner Foxley said they could take as many qualified students as there is funding. Pres. Hall said USU has more research money than direct support from the state. One of the reasons is that there are graduate students that can work with faculty and get the grants.

HB331 Discussion Continued—Pres. Hall said out-of-state students help subsidize residents, but their applications are down 22%. Something needs to be done or there will be more problems because HB 331 cost Utah money. Non-residents should pay more for their education but if they aren't here, they pay nothing.

Rep. Jones said it was a good idea with a bad outcome. Pres. Machen said it didn't impact the U like it did USU, but if you look at the state as a whole, the price was too high. Rep. Pace has a bill dropping the credit hours to 45 and that is a better idea. Norm Tarbox, WSU, Doug Warner, UVSC, and Dorian Page, SUU, all reported that they lost money because non-resident students didn't come. Rep. Dee said the non-residents who didn't come didn't even go elsewhere, they just didn't go to school.

Commissioner Foxley said the Legislature thought the bill would raise \$5 million and higher education lost that amount. Higher education thought there would be a phasing in and a grandfathering of those already on campus, but it was done all at once. The Board of Regents hasn't had a chance to deliberate Rep. Pace's bill, but it should have a fiscal note on it as well.



Rep. Lawrence said if you just focus on money, then institutions should encourage out-of-state students to come for the first two years and then ship them home. If we are looking at capping enrollment, then we really are talking about leaving out residents if we admit non-residents. Meritorious waivers for out-of-state students let the good students come anyway. If we have top notch programs we are going to attract these students. Pres. Hall said there are alternatives that can be done to equalize these concerns.

Rep. Hughes said we are obligating the state with limited resources to be able to fund the students we have. How can we make sure we can handle resident students and then worry that we aren't getting non-residents to come. Pres. Hall said that if you don't get the \$5 million on HB 331's fiscal note, tuition from instate students is circulated back into the system to pay that \$5 million debt.

**MOTION:** Rep. Shurtliff moved to adjourn.

Committee Co-Chair Johnson adjourned the meeting at 4:00 p.m.

Minutes were reported by Rolayne Day, Secretary.

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Sen. David Gladwell, Committee Co-Chair

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Rep. Bradley T. Johnson, Committee Co-Chair